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ASPPA Welcomes IRS Guidance on Roth Conversion *Clarification Aids Practitioners Handling 2010 Roth Distributions*

ARLINGTON, VA (November 29, 2010) *The following is a statement from Brian H. Graff, executive director/CEO of The American Society of Pension Professionals & Actuaries (ASPPA) in response to the Internal Revenue Service (IRS) release of [Notice 2010-84](#) that offers guidance on in-plan conversion of 401(k) or 403(b) assets to a Roth account.*

“Thanks to guidance released by the Internal Revenue Service (IRS), employers and retirement professionals now have the necessary information to allow 2010 in-plan Roth conversions without permitting leakage of retirement savings.

Passage of the Small Business Jobs Act in September opened the door allowing workers to rollover 401(k) or 403(b) assets to a designated ‘in plan’ Roth account. The provision permits a qualified plan to handle Roth conversions within the plan—allowing participants to take advantage of Roth conversion rules without forfeiting the protection and advantages of holding savings in an employer-sponsored retirement program.

Without this law, many plan sponsors and participants were considering changes to permit workers to pull their retirement assets out of the plan. ASPPA has voiced public concern about the potential for leakage out of retirement accounts for workers who had no intention of converting to a Roth account.

The IRS’ release of [Notice 2010-84](#) provides further clarification—making it easier for employers to handle Roth conversions. Specifically the notice states:

- An actual in service distribution or rollover option is not required to otherwise allow Roth conversions inside a plan
- Amendments may be made retroactively for both 401k (12/31/11) and 403(b) plans and retroactive amendments can cover the needed addition of a Roth contribution option
- Conversions can be added to a safe harbor plan and the amendment adopted up to 12/31/11

ASPPA has worked closely with both the U.S. Department of Treasury and the IRS to share ideas on how to streamline the process for workers and practitioners, and thanks the government for their guidance on in-plan Roth conversions.”

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About ASPPA: The American Society of Pension Professionals & Actuaries (ASPPA) is a national organization of more than 7,400 retirement plan and benefits professionals that serves as the educator, voice, and advocate for the employer-based retirement system. ASPPA members are administrators, actuaries, advisors, attorneys, accountants, and other financial services professionals who provide consulting and administrative services for qualified retirement plans.